



IOWA GENERAL ASSEMBLY  
**LEGISLATIVE SERVICES AGENCY**

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**MEMORANDUM**

TO: Legislative Fiscal Committee

FROM: Dave Reynolds, Fiscal Services Division

DATE: August 31, 2006

RE: Department of Corrections Lease Purchase Notification

The Department of Corrections has submitted a lease purchase notification for the purchase and installation of a 275 lb. washer extractor for the laundry operation at the Clarinda Correctional Facility.

The total estimated cost of the agreement is \$73,500, which includes \$65,000 in principal and \$8,500 in interest. The agreement will be for a period of five years at an interest rate of 4.82%. The annual debt service payments are estimated to total \$14,700 and will be paid from the Correctional Facility's General Fund appropriation.

Additional information concerning the lease purchase is provided on the attachment. This lease purchase proposal will be reviewed at the September 13 Legislative Fiscal Committee meeting. If you have any questions, do not hesitate to contact me at (515) 281-6934.

cc: Jeff Nelson, Office of the Attorney General  
Kim Dentlinger, Office of the Treasurer of State  
Carl Buck, Clarinda Correctional Facility

**DIVISIONS**

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RICHARD L. JOHNSON

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COMPUTER SERVICES  
GLEN P. DICKINSON

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ADMINISTRATIVE SERVICES  
TIMOTHY C. FALLER

FISCAL SERVICES

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**LEASE-PURCHASE PRIOR NOTIFICATION**

(FOR PURCHASES OF \$50,000 OR MORE)

For Reporting Requirements per Section 8.46, Code of IowaAgency Name:  
Clarinda Correctional FacilityBudget Unit/ Fund Name:  
DOC/CCFBudget Unit/ Fund No.:  
248**ACQUISITION INFORMATION**

## Description of Acquisition:

Purchase and installation of a 275 lb. capacity washer extractor for the laundry operation at the Clarinda Treatment Complex. This unit would replace a failed 1996 250 lb capacity washer extractor that is no longer repairable.

|  |  |   |                                    |
|--|--|---|------------------------------------|
| Type of Acquisition<br><input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement<br><input type="checkbox"/> Continuation | Duration of Contract<br>(Mo/Yr) 0 Mo/ 5 Yr<br>Start: Oct 2006<br>End: Sep 2011 | Contract Type:<br>Lease Purchase (LP)   | Estimated Useful Life:<br>20 years |
| Funding Sources  | \$   | Estimated Cost if Purchased Outright:<br>\$65,000 or less                       |                                    |
| General Fund   | \$73,535.77  |   |                                    |
| Federal  | \$   | Principal:<br>\$65,000 or less  |                                    |
| Revolving Fund   | \$   |   |                                    |
| Road Use Tax   | \$   | Finance Charge:<br>\$8,535.77 based on principal above and interest rate below. |                                    |
| Other (Specify)  | \$   |   |                                    |
| Total  | \$77,535.77  | Interest Rate:<br>4.820%  |                                    |

**CASH FLOW**

|           | FY <u>2007</u> | FY <u>2008</u> | FY <u>2009</u> | FY <u>2010</u> | FY <u>2011</u> | FY <u>2012</u> | Total Cost |
|-----------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Principal | 5821.94        | 12070.77       | 12663.19       | 13284.67       | 13936.66       | 7222.76        | 65000.00   |
| Interest  | 1531.64        | 2636.38        | 2043.97        | 1422.48        | 770.49         | 130.82         | 8535.77    |
| Total     | 7353.58        | 14707.15       | 14707.16       | 14707.15       | 14707.15       | 7353.58        | 73535.77   |

**JUSTIFICATION/CONSEQUENCES OF DELAY OR ABANDONMENT**

We need three 250+ lb. capacity washers extractors to keep up the laundry at the Clarinda Treatment Complex. We are down to two now with the failure of one of our existing three. We will be forced to work overtime and reschedule staff without the new replacement. If a second unit went down for repairs, it would be almost impossible for us to get the laundry done in house.

Contact Person:  
Carl BuckTitle:  
Assistant Business Manager

Phone Number: 712-542-6102

Date: 8/30/2006

|         |             |            |             |                        |
|---------|-------------|------------|-------------|------------------------|
| Totals: | \$73,535.77 | \$8,535.77 | \$65,000.00 | <b>Rate<br/>4.820%</b> |
|---------|-------------|------------|-------------|------------------------|

| Pmt # | Payment Date | Payment Amount | Interest | Principal  | Purchase Price | Outstanding Balance |
|-------|--------------|----------------|----------|------------|----------------|---------------------|
|       | 10/1/2006    |                |          |            |                | \$65,000.00         |
| 1     | 1/1/2007     | \$3,676.79     | \$783.25 | \$2,893.54 | \$63,348.59    | \$62,106.46         |
| 2     | 4/1/2007     | \$3,676.79     | \$748.38 | \$2,928.41 | \$60,361.62    | \$59,178.06         |
| 3     | 7/1/2007     | \$3,676.79     | \$713.10 | \$2,963.69 | \$57,338.65    | \$56,214.36         |
| 4     | 10/1/2007    | \$3,676.79     | \$677.38 | \$2,999.41 | \$54,279.26    | \$53,214.96         |
| 5     | 1/1/2008     | \$3,676.79     | \$641.24 | \$3,035.55 | \$51,183.00    | \$50,179.41         |
| 6     | 4/1/2008     | \$3,676.79     | \$604.66 | \$3,072.13 | \$48,049.43    | \$47,107.28         |
| 7     | 7/1/2008     | \$3,676.79     | \$567.64 | \$3,109.15 | \$44,878.10    | \$43,998.14         |
| 8     | 10/1/2008    | \$3,676.79     | \$530.18 | \$3,146.61 | \$41,668.56    | \$40,851.53         |
| 9     | 1/1/2009     | \$3,676.79     | \$492.26 | \$3,184.53 | \$38,420.34    | \$37,667.00         |
| 10    | 4/1/2009     | \$3,676.79     | \$453.89 | \$3,222.90 | \$35,132.98    | \$34,444.10         |
| 11    | 7/1/2009     | \$3,676.79     | \$415.05 | \$3,261.74 | \$31,806.01    | \$31,182.36         |
| 12    | 10/1/2009    | \$3,676.79     | \$375.75 | \$3,301.04 | \$28,438.95    | \$27,881.32         |
| 13    | 1/1/2010     | \$3,676.79     | \$335.97 | \$3,340.82 | \$25,031.31    | \$24,540.50         |
| 14    | 4/1/2010     | \$3,676.79     | \$295.71 | \$3,381.08 | \$21,582.61    | \$21,159.43         |
| 15    | 7/1/2010     | \$3,676.79     | \$254.97 | \$3,421.82 | \$18,092.36    | \$17,737.61         |
| 16    | 10/1/2010    | \$3,676.79     | \$213.74 | \$3,463.05 | \$14,560.05    | \$14,274.56         |
| 17    | 1/1/2011     | \$3,676.79     | \$172.01 | \$3,504.78 | \$10,985.17    | \$10,769.78         |
| 18    | 4/1/2011     | \$3,676.79     | \$129.78 | \$3,547.01 | \$7,367.22     | \$7,222.76          |
| 19    | 7/1/2011     | \$3,676.79     | \$87.03  | \$3,589.75 | \$3,705.67     | \$3,633.01          |
| 20    | 10/1/2011    | \$3,676.79     | \$43.78  | \$3,633.01 | \$0.00         | \$0.00              |